GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4571
ANSWERED ON:25.04.2008
LOAN TO SELF HELP GROUPS
Ahir Shri Hansraj Gangaram

Will the Minister of FINANCE be pleased to state:

(a) the total amount of Bank loans given to the Self Help GroupsjS.H.G.) in the country during the last three years;

(b) the amount of such loan given to the Self Help Groups as a percentage of the total loan disbursed by banks; and

(c) the action taken by the Government to increase the bank loans to S.H.Gs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PA WAN KUMAR BANSAL)

(a) & (b) : The loans disbursed by banks under the Self Help Group (SHG)-Bank Linkage Programme during the last three years and their percentage of the total loan disbursed by banks are as under :

(Rs. in crore}

Year	Loan disbursed to SHGs	Credit flow to agriculture	Percentage of loans disbursed over credit flow to agriculture
2004-05	2994.25	1,25,309	2.39%
2005-06	4499.08	1,80,486	2.49%
2006-07	6570.39	2,29,400	2.86%

(c) : Reserve Bank of India and National Bank for Agriculture and Rural Development (NABARD) have been instrumental in promoting a conducive environment for promoting the SHG-Bank Linkage programme in the country. Some of the major steps initiated to upscale the programme are detailed below:

Opening of Saving Bank Accounts in the name of SHGs.

SHG lending is to be treated as a normal lending activity of the bank.

SHG lending by banks is treated as a priority sector lending.

RBI has relaxed the margin and security norms for financing SHGs.

Adoption of Simplified loan documentation by banks for SHGs.

Besides, NABARD has been providing training support to various stakeholders of the programme and also grant support to various Self Help Promoting Institutions (SHPIs) for promoting and credit linking SHGs.